

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** CS/HM 1583 Federal Budget  
**SPONSOR(S):** Full Appropriations Council on Education & Economic Development, Hukill and others  
**TIED BILLS:** **IDEN./SIM. BILLS:**

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	<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR</b>
1)	Full Appropriations Council on Education & Economic Development	12 Y, 5 N, As CS	Voyles	Kramer
2)	Rules & Calendar Council			
3)				
4)				
5)				

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**SUMMARY ANALYSIS**

The House Memorial urges the United States Congress to balance the federal budget and hold itself to the same fiscal standards to which it expects its citizens to adhere.

The House Memorial provides for copies of it to be submitted to the President of the United States, the President of the U.S. Senate, the Speaker of the U.S. House of Representatives and to each member of the state's congressional delegation.

The memorial does not have a fiscal impact on state or local government.

## HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### Present Situation:

The Congressional Budget Office (CBO) reported in January 2010 that the estimated federal budget deficit will be approximately \$1.3 trillion for fiscal year 2010. The CBO also reported that the estimated deficit is 9.2 percent of gross domestic product (GDP) which is slightly smaller than the 9.9 percent of GDP experienced in fiscal year 2009. The 2009 deficit as a percent of GDP was the largest the United States budget has recorded since World War II. The CBO projects that the average deficit will be \$672 billion per year from 2010-2020.<sup>1</sup>

The U.S. Department of Labor reported on April 14, 2010 that the real average hourly earnings for all employees fell 0.2 percent from February to March.<sup>2</sup> The Department released the national unemployment rate on April 2, 2010 and it has averaged 9.7 percent so far this year.<sup>3</sup> With the slowing of the economy, consumer spending in Florida has declined. This can be measured by the sales tax collections for Fiscal Year 2009-10 which are estimated to total \$17,939.9 million<sup>4</sup>, an 18 percent decrease since \$21,877.1 million<sup>5</sup> was collected in Fiscal Year 2006-07.

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<sup>1</sup> Congressional Budget Office, Congress of the United States, *The Budget and Economic Outlook: Fiscal Years 2010 to 2020. Summary* (January 2010), <http://www.cbo.gov/ftpdocs/108xx/doc10871/01-26-Outlook.pdf>. Last visited April 15, 2010.

<sup>2</sup> Bureau of Labor Statistics, U.S. Department of Labor, News Release, *Real Earnings – March 2010*, <http://www.bls.gov/news.release/pdf/realer.pdf>. Last visited April 15, 2010.

<sup>3</sup> Bureau of Labor Statistics, U.S. Department of Labor, News Release, *The Employment Situation – March 2010*, <http://www.bls.gov/news.release/pdf/empsit.pdf>. Last visited April 15, 2010.

<sup>4</sup> Office of Economic and Demographic Research, The Florida Legislature, *Revenue Estimating Conference, General Revenue Forecast, March 9, 2010*, <http://edr.state.fl.us/conferences/generalrevenue/grconference.htm>. Last visited April 18, 2010.

<sup>5</sup> Office of Economic and Demographic Research, The Florida Legislature, *Long Term Revenue Analysis (Book 2)(Fall 2009)*, [http://edr.state.fl.us/reports/book2/book2\\_2009.pdf](http://edr.state.fl.us/reports/book2/book2_2009.pdf). Last visited April 18, 2010.

## Proposed Changes:

The House Memorial urges the United States Congress to balance the federal budget and hold itself to the same fiscal standards to which it expects its citizens to adhere.

The House Memorial provides for copies of it to be submitted to the President of the United States, the President of the U.S. Senate, the Speaker of the U.S. House of Representatives and to each member of the state's congressional delegation.

The Memorial contains the following "whereas" clauses:

- The Congressional Budget Resolution for fiscal year 2011 is pending in Congress, and;
- The current national debt is approaching \$12 trillion, which translates to \$40,000 for each man, woman, and child in the U.S., and the Obama Administration is predicting the addition of almost \$5 trillion in new debt over the next 5 years, and;
- The 2009 national deficit is equal to nearly 10 percent of the country's total economic output, a precedent not seen since 1950, and;
- The national debt will exceed the current gross domestic product of the U.S. of \$16.2 trillion by December of 2012 if the White House projections come to pass, and;
- The governance that authorized such debt and deficits has led to unfunded federal liabilities for Social Security and Medicare of more than \$106 trillion as of December 2009, equal to \$345,548 per American, and;
- This spending has created national security concerns that the amount of funds paid by the Federal Government on debt interest alone in 2008, over \$400 billion, was approximately 10 times the amount of funds spent on the Department of Homeland Security that year, and;
- Foreign nations owned approximately 30 percent of the federal debt in 2009 and are, therefore, in a position of authority with respect to the U.S., and;
- The Obama Administration's projections show our national budget deficit not returning to sustainable levels over the next 10 years, rising sharply after President Obama leaves office, and;
- Credit agencies have begun to warn that the nation may lose its AAA credit rating because of the size of these federal budget deficits, and;
- Millions of people in this country have made difficult choices discerning between wants and needs and have taken the responsible steps to curb personal spending in these economic times.

## B. SECTION DIRECTORY:

Not applicable.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

None.

#### 2. Expenditures:

None.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

#### 1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The memorial does not require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

### IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

The Full Appropriations Council on General Government and Health Care adopted an amendment which modified a date within the "whereas" clauses of the bill.